

Amendment offered by Mr. Johnson

Brief Summary

An amendment in the nature of a substitute that makes clarifying and technical changes to reflect Congressional intent, better align the Act with related USDA efforts and improve program administration. It also updates the authorization period from FY22-FY24 to FY23-FY25 to account for progression of appropriations cycles since the bill's original introduction.

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4140
OFFERED BY MR. JOHNSON OF SOUTH DAKOTA**

Strike all after the enacting clause and insert the
following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Butcher Block Act”.

**3 SEC. 2. ASSISTANCE FOR NEW AND EXPANDED LIVESTOCK
4 OR MEAT PROCESSORS.**

5 (a) IN GENERAL.—The Secretary of Agriculture (in
6 this section referred to as the “Secretary”) may make or
7 guarantee a loan for the purpose of—

8 (1) increasing capacity of livestock and poultry
9 processing, facilitating economic opportunity for live-
10 stock and poultry producers through processing ac-
11 tivities, and diversifying processing ownership;

12 (2) increasing the customer base or revenue re-
13 turns of livestock and poultry producers through in-
14 vestment in processing capacity;

15 (3) improving, developing, or financing livestock
16 and poultry processing capacity or employment in-
17 cluding through the financing of working capital; or

1 (4) promoting the interstate trade and local
2 sales of processed livestock and poultry by financing
3 improvements to meet relevant Federal, State, and
4 local regulatory standards.

5 (b) ELIGIBILITY; GENERAL LIMITATIONS.—

6 (1) ELIGIBLE RECIPIENT.—An entity shall be
7 eligible for a loan or guarantee under this section if
8 the entity is—

9 (A) a public, private, or cooperative organi-
10 zation organized on a for-profit or nonprofit
11 basis;

12 (B) an Indian tribe on a Federal or State
13 reservation, or any other federally recognized
14 Indian tribal group; or

15 (C) an individual.

16 (2) FACILITY LOCATION.—

17 (A) IN GENERAL.—Except as provided in
18 subparagraph (B), a facility constructed, ex-
19 panded, modified, refurbished, or re-equipped
20 with proceeds from a loan made or guaranteed
21 under this section shall be in a rural area.

22 (B) EXCEPTION.—A facility constructed,
23 expanded, modified, refurbished, or re-equipped
24 with proceeds from a loan made or guaranteed

1 under this section may be in a non-rural area
2 if—

3 (i) the primary use of the loan in-
4 volved is for the facility, and the facility
5 will increase the customer base or revenue
6 returns of livestock and poultry producers
7 that are located within 300 miles of the fa-
8 cility;

9 (ii) the loan involved will be used to
10 increase the capacity in livestock and poul-
11 try processing in a region; and

12 (iii) the principal amount of the loan
13 involved does not exceed \$50,000,000.

14 (C) RURAL AREA DEFINED.—In this para-
15 graph, the term “rural area” has the meaning
16 given the term in section 343(a)(13) of the
17 Consolidated Farm and Rural Development Act
18 (7 U.S.C. 1991(a)(13)).

19 (3) LIMITATIONS.—

20 (A) LIMITATION ON AMOUNT OF LOAN IN-
21 VOLVED.—A loan of more than \$50,000,000
22 may not be made or guaranteed under this sec-
23 tion.

24 (B) LIMITATION ON ELIGIBILITY.—A loan
25 may not be made or guaranteed under this sec-

1 tion to an entity that is owned in partnership
2 or in whole by—

3 (i) a foreign entity; or

4 (ii) an entity that currently processes
5 over 5 percent of the daily harvest of any
6 species.

7 (c) SPECIAL RULES APPLICABLE WITH RESPECT TO
8 COOPERATIVES.—

9 (1) LIMITATION ON AMOUNT OF LOAN IN-
10 VOLVED.—

11 (A) IN GENERAL.—Notwithstanding sub-
12 section (b)(3), a loan of not more than
13 \$100,000,000 may be made or guaranteed for
14 a cooperative organization under this section.

15 (B) CONDITIONS APPLICABLE IF LOAN IN-
16 VOLVED IS FOR MORE THAN \$50,000,000.—A
17 loan of more than \$50,000,000 may not be
18 made or guaranteed for a cooperative organiza-
19 tion under this section unless the loan is used
20 to carry out a project that significantly in-
21 creases the livestock and poultry processing in
22 a region, where insufficient processing capacity
23 exists, as determined by the Secretary.

24 (2) INTANGIBLE ASSETS.—

1 (Λ) IN GENERAL.—In determining whether
2 a cooperative organization is eligible for a loan
3 or guarantee under this section, the Secretary
4 may consider the market value of a properly ap-
5 praised brand name, patent, or trademark of
6 the cooperative.

7 (B) ACCOUNTS RECEIVABLE.—In the sole
8 discretion of the Secretary, if the Secretary de-
9 termines that the action would not create or
10 otherwise contribute to an unreasonable risk of
11 default or loss to the Federal Government, the
12 Secretary may take accounts receivable as secu-
13 rity for the obligations entered into in connec-
14 tion with a loan made or guaranteed under this
15 section, and a borrower may use accounts re-
16 ceivable as collateral to secure such a loan.

17 (3) PURCHASE OF COOPERATIVE STOCK.—

18 (Λ) IN GENERAL.—The Secretary may
19 make or guarantee a loan in accordance with
20 this section to an individual farmer or rancher
21 for the purpose of purchasing capital stock of
22 a farmer or rancher cooperative undertaking an
23 eligible project under this section.

24 (B) PROCESSING CONTRACTS DURING INI-
25 TIAL PERIOD.—Λ cooperative described in sub-

1 paragraph (A) with respect to which a farmer
2 or rancher receives a guarantee to purchase
3 stock under subparagraph (A) may contract for
4 services to fulfill any eligible purpose under this
5 section, during the 5-year period beginning on
6 the date the cooperative commences operations,
7 in order to provide adequate time for the plan-
8 ning and construction of the processing facility
9 of the cooperative.

10 (C) FINANCIAL INFORMATION.—A farmer
11 or rancher from whom the Secretary requires fi-
12 nancial information as a condition of making or
13 guaranteeing a loan under subparagraph (A)
14 shall provide the information in the manner
15 generally required by commercial agricultural
16 lenders in the geographical area in which the
17 farmer or rancher is located.

18 (d) CONDITIONS APPLICABLE WITH RESPECT TO
19 USING LOAN INVOLVED FOR REFINANCING.—A borrower
20 may use 25 percent of a loan made or guaranteed under
21 this section to refinance a loan made for a purpose de-
22 scribed in subsection (a) if—

23 (1) the borrower is current and performing with
24 respect to the loan to be refinanced;

1 (2) the borrower has not defaulted on any pay-
2 ment required to be made with respect to the loan
3 to be refinanced;

4 (3) none of the collateral for the loan to be refi-
5 nanced has been converted; and

6 (4) there is adequate security or full collateral
7 for the loan to be refinanced.

8 (c) LOAN APPRAISAL.—The Secretary may require
9 that any appraisal made in connection with a loan made
10 or guaranteed under this section be conducted by a spe-
11 cialized appraiser that uses standards that are similar to
12 standards used for similar purposes in the private sector,
13 as determined by the Secretary.

14 (f) PREFERENCE.—In making or guaranteeing a loan
15 under this section, the Secretary shall give a preference
16 to applicants that have experience in livestock and poultry
17 processing and can quickly scale-up to increase overall
18 processing capacity in the region involved.

19 (g) LIMITATIONS ON AUTHORIZATION OF APPRO-
20 PRIATIONS.—There is authorized to be appropriated to
21 carry out this section \$100,000,000 for each of fiscal
22 years 2023 through 2025.

1 **SEC. 3. NEW AND EXPANDING LIVESTOCK OR MEAT PROC-**
2 **ESSING GRANTS.**

3 (a) IN GENERAL.—The Secretary of Agriculture may
4 make grants to—

5 (1) expand, diversify, and increase capacity in
6 livestock or poultry processing activities;

7 (2) improve compliance with livestock and poul-
8 try processing statutes (including the regulations
9 issued thereunder), such as the Federal Meat In-
10 spection Act (21 U.S.C. 661) and the Poultry Prod-
11 ucts Inspection Act (21 U.S.C. 454);

12 (3) identify and reduce barriers to entry for
13 new for new livestock and poultry processors; or

14 (4) update, expand, or otherwise improve exist-
15 ing facilities.

16 (b) ELIGIBLE GRANTEEES.—An entity shall be eligible
17 for a grant under this section if the entity is—

18 (1) a governmental entity;

19 (2) a public, private, or cooperative organiza-
20 tion organized on a for-profit or nonprofit basis; or

21 (3) an Indian tribe on a Federal or State res-
22 ervation or any other federally recognized Indian
23 tribal group.

24 (c) USE OF FUNDS.—An entity to which a grant is
25 made under this section may use the grant funds to estab-
26 lish or support new or expanded livestock or poultry proc-

1 essing activity, or other activity which will increase the
2 customer base or revenue returns of livestock and poultry
3 producers, by undertaking project, that—

4 (1) identifies and analyzes business opportuni-
5 ties, including feasibility studies as required for
6 creditworthiness;

7 (2) identifies, trains, and provides technical as-
8 sistance to existing or prospective rural entre-
9 preneurs and managers or processing facilities;

10 (3) provides technical assistance to gain compli-
11 ance with Federal, State, or local regulations;

12 (4) conducts regional, community, and local
13 economic development planning and coordination,
14 and leadership development; or

15 (5) establishes a center for training, technology,
16 and trade that will provide training to livestock or
17 poultry processing employees.

18 (d) PREFERENCE.—In awarding grants under this
19 section, the Secretary shall give a preference to applicants
20 that have experience in livestock and poultry processing
21 and can quickly scale-up to increase overall processing ca-
22 pacity in the region involved.

23 (c) LIMITATIONS ON AUTHORIZATION OF APPRO-
24 PRIATIONS.—There is authorized to be appropriated to

- 1 carry out this section \$20,000,000 for each of fiscal years
- 2 2023 through 2025.

